

CREATING HEALTHY COMMUNITIES

Through Mixed-Use Mixed Income (MUMI) Development



July 19, 2012
Virginia Main Street
Virginia Housing Development Authority





OUTLINE

- OVERVIEW OF MUMI
- NON-VHDA RESOURCES
- VHDA RESOURCES
- SUCCESS STORIES



BACKGROUND

BABY BOOMERS

Boomers completed purchase of trade-up homes and have entered a stage marked by low mobility.

GENERATION X

The population created a limited impact on new housing construction.

GENERATION Y

Households seek quality affordable starter homes and apartments.

A report on Virginia's changing housing needs | October 2008

VIRGINIA HOUSING TRENDS

Accommodating the Housing Needs of Generation Y

IN THE COMING HOUSING RECOVERY, shifting demographics will fundamentally change housing market dynamics. The needs of middle-aged "trade-up" homebuyers, who dominated the market during the recent housing boom, will fade as the main driver of market demand. Instead, the needs of the maturing Generation Y—the children of the Baby Boom—will become a key factor in the marketplace. In recent years, this large demographic group, born between 1977 and 1997, has had a substantial impact on college enrollments and student housing needs. Soon, their entry as young adults into the broader housing market will generate substantial need for new affordable rental housing and starter homes that will reshape residential development patterns in both urban and suburban markets.

play in shaping the magnitude and nature of housing demand.

Housing demand results from both new household formation, as well as shifts in residence that occur as households age through stages of life in which housing needs and available resources change. In a somewhat simplified way, these life stages can be categorized into four broad age groups each with different housing needs.


Housing Needs by Age Group

- **Young households** (under age 35). Most of this age group has moderate income, and are predominately renters or first-time homebuyers in need of affordable starter homes.
- **Middle age households** (ages 35 to 54). This age group is mainly made up of larger households that need more space. Many have gained sufficient income to "trade up" to larger homes.
- **"Empty nesters" and early retirees** (ages 55 to 74). This age group is predominately homeowners who mostly choose to age in place in their current homes.
- **Older seniors** (age 75 and older). For this age group, maintaining their existing homes may become burdensome and, if so, they may seek alternative senior housing options.

Demographic change shapes housing demand

AS A RESULT OF THE RECENT housing boom and bust, much attention has been focused on the impact mortgage lending has had on new home construction and overall conditions in the housing market. Certainly, access to mortgage capital under favorable terms and conditions has a profound effect on housing costs and housing demand for owners and renters alike. However, too little attention has been paid to the critical role demographics

Published by the Virginia Housing Development Authority (VHDA)

 VHDA

BACKGROUND

- Between 2005 and 2020, the largest net housing demand will come from Generation Y.
- Generation Y households are earning less and carrying high levels of debt.
- There is an expected delay in homeownership increasing demand for the rental market.
- Localities must address the affordable housing needs of younger households to retain an adequate workforce.
- Between 2000 to 2010, median household income in Virginia slipped with the population under 25 continuing to make only 50% of median household income.

INTRODUCTION

MIXED-USE ZONING

Allows for multiple land uses including commercial, retail, office and residential.

MIXED-INCOME HOUSING

Promotes diversity and inclusion by providing housing for lower-income residents along with more affluent residents.

MIXED-USE MIXED INCOME DEVELOPMENT

Ranges from single building projects with apartments and commercial space to large scale projects with apartments, office space, and retail.

BENEFITS



CHALLENGES

FINANCING GAPS

Gaps can occur between the cost of development and financing options available through traditional lenders.

RISKS WITH NON-RESIDENTIAL USES

Location and type of consumers determines the success of retail and food service establishment.

MISCONCEPTIONS WITH AFFORDABLE HOUSING

Developer worries if units lower than market rate will be filled. Also, concerns related to Not In My Back Yard (NIMBY)

NON-VHDA RESOURCES



LOCAL
AND
REGIONAL

COMMUNITY
LENDERS

DHCD

LOCAL AND REGIONAL

Incentives can be deployed through various means including:

- low interest financing tools
- cash subsidies and grants
- free or low-cost land
- density bonuses for affordable units
- tax abatement programs
- rehabilitation assistance
- flexible parking requirements
- fast track review and permitting process

COMMUNITY LENDERS



As a regional Federal Home Loan Bank, the cooperative bank contributes 10 percent of its net income to serve economic and housing needs of communities by providing local banks with grants and subsidized advances.



Chartered as State Community Development Bank with support from DHCD, VCC has the ability to provide technical assistance to project planning efforts and offer construction financing and other loan products.

DHCD

PLANNING

- Community Organizing Planning Grant
- Community or Economic Needs Assessment
- Project Planning Grant

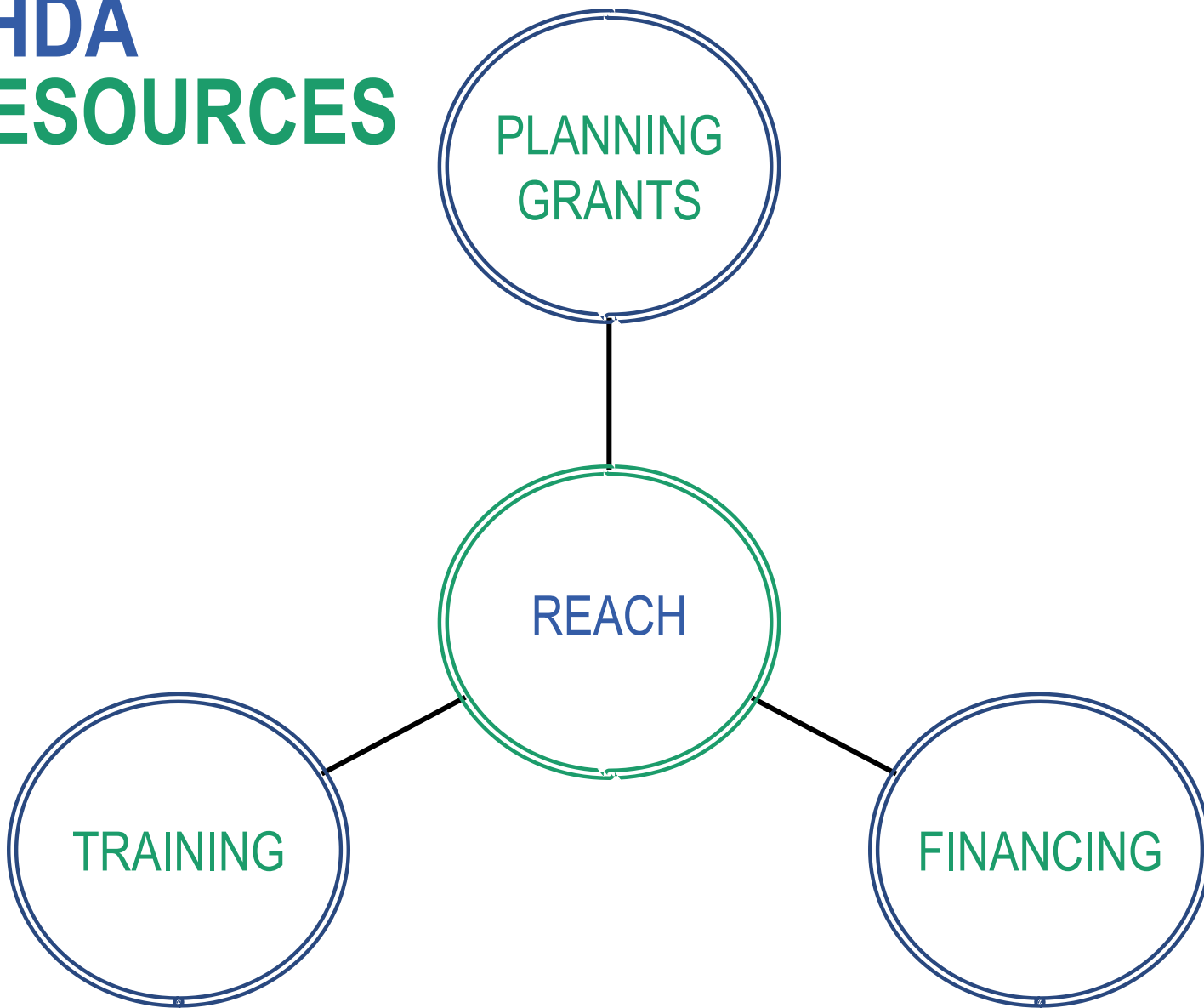
FINANCING

- Affordable Housing Production Program funded through HOME
- Community Development Block Grants

REVITALIZATION AND ECONOMIC DEVELOPMENT

Virginia Main Street Program

VHDA RESOURCES



PLANNING

MUMI PLANNING GRANT

- VHDA provides up to \$10,000 to leverage with existing local resources for a planning effort to identify opportunities to promote mixed-use/mixed-income development in support of revitalization and economic development.
- Applicant must be a public entity.
- The grant can be used for master planning, feasibility studies, fiscal impact analysis, market studies and architectural designs.
- Awardees receive 18 months to provide deliverables per application and agreement.
- 34 Planning Grants awarded, \$335,000 funds distributed.

MUMI PLANNING GRANT

TOWN OF HONAKER



- Facilitate revitalization through heritage tourism
- Promote workforce housing in proximity to economic centers
- Historic Designation for Downtown
- Cumberland Plateau PDC coordinated application

MUMI PLANNING GRANT

CITY OF SUFFOLK

- Suffolk RHA completed a Master plan for Parker Riddick & Cypress Manor
- 2 adjoining Public Housing developments comprised of 206 units built in the 1970's
- Goal of the plan was to redevelop the sites into mixed-use/mixed income communities
- Received HUD Choice Neighborhood Planning Grant
- Wiencek + Associates and Housing Opportunities and Concepts hired as consultants



FINANCING MUMI PROGRAM

- Provides permanent loan financing for projects involving rehabilitation, adaptive re-use, or new construction integrating mixed-income housing in targeted revitalization areas.
- 30% of units serving households at 80% or less area median income and 20% of units serving households at 120% or less area median income.
- Remaining 50% of units are market-rate not subject to income limits.

MUMI PROGRAM REVITALIZATION AREA

Potential mixed-use/mixed income developments must be located in a revitalization area that satisfies one of the follow criteria:

- Located in a revitalization area so designated because of blight or deterioration
- Located in a revitalization area so designated because of lack of housing for industrial, commercial or other economic development
- Located in a redevelopment area, conservation or rehabilitation district (Title 36)
- Located in a qualified census tract (LIHTC)

FINANCING SPARC MULTI-FAMILY

- Designated revitalization area
- Minimum number of units
- \$950,000 maximum loan amount
- Income targeting
- Housing only



SPARC FINANCING

VENABLE STREET



- Rehabilitation of a quad-plex
- Located in historic Church Hill, a neighborhood targeted for revitalization in Richmond
- \$548,000 of MF SPARC financing
- 50% of units rented to families with 50% AMI; the remaining to families up to 150% AMI

SPARC FINANCING

BOWE STREET



- Two quad-plexes in Richmond
- Located within a neighborhood targeted for revitalization
- Total SPARC Rental financing of \$660,000
- 50% of units rented to families with 50% AMI; the remaining to families up to 150% AMI

TRAINING

REVITALIZING NEIGHBORHOODS THROUGH HOUSING AND ECONOMIC DEVELOPMENT

Topics:

- Identifying key players and their roles;
- Inventorying neighborhood conditions;
- Visioning strategies;
- Economic & neighborhood commercial development;
- Identifying interventions and financial resources;
- Real estate acquisition strategies.

The second day concludes with case study presentations of actual plans prepared by the participant project teams.

14 AICP CM credits for the two day training.

SUCCESS STORIES

CREATING LIVE-WORK-LEARN-PLAY ENVIRONMENTS BY
INCORPORATING KEY COMMUNITY ASSETS:



EDUCATION



HEALTH CARE



ARTS AND CULTURE



PUBLIC FACILITIES

EDUCATION
HEALTH CARE
ARTS AND CULTURE
PUBLIC FACILITIES



COURTHOUSE SQUARE

Lexington



- Former First National Bank
- Features seven one-bedroom and two two-bedroom apartments and Hess & Co. Jewelers on the first floor bank lobby
- Provide housing to students and professors from Washington and Lee University and Virginia Military Institute as well as young professionals
- Financed through Reach VHDA subsidy funds blended with taxable bonds and a mix of capital from private investors and state and federal tax credits

THIRD AVENUE

Radford



- Originally Hudson Car Dealership
- Features street level commercial and 8 affordable rental units with 7 HOME income targeted and 1 market rate
- Provide housing to students and professors from Radford University as well as young professionals
- Financed through \$250,000 HOME Consortium Loan \$550,000 VHDA Loan

EDUCATION
HEALTH CARE
ARTS AND CULTURE
PUBLIC FACILITIES



PATRICK HENRY

Roanoke



- Over \$22 million renovation project developed by Ed Walker
- Transformed Mixed-Use Mixed-Income building including 132 one and two bedroom apartments, office space, and commercial space with a restaurant, coffee shop and local radio station
- 40% of the units affordable to persons at 80% or less Area Median Income
- Financed through Historic Tax Credit equity, New Market Tax Credit equity, VHDA MUMI financing and owner equity

HANCOCK BUILDING

Roanoke



- Over \$10 million Mixed-Use/Mixed Income project Ed Walker & Scott Graeff
- 58 residential apartments upper floors, lower level office space for a local law firm
- 30% of the units affordable to persons at 80% or less Area Median Income
- Financed through Virginia Historic Tax Credit equity, VHDA MUMI financing blended with taxable bonds, City of Roanoke Innovative Economic Development grant and owner equity

EDUCATION
HEALTH CARE
ARTS AND CULTURE
PUBLIC FACILITIES



STATION AT SOUTH LOCUST

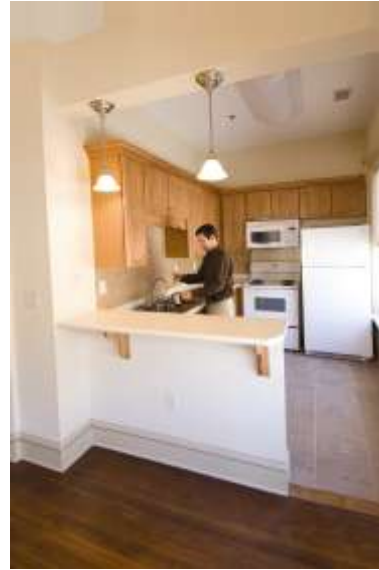
Floyd



- 9 residential apartments upper floors
- Lower level commercial spaces
- Virginia Community Capital providing construction financing and VHDA providing permanent financing under Mixed-Use/Mixed Income Program
- Project also received a CDBG grant from DHCD

HERITAGE MUSEUM

Waynesboro



- Former First National Bank of Waynesboro built in 1908
- Renovated to six 1 bedroom loft apartments, 1200 square feet of commercial space and Heritage Museum space
- Financed through VHDA SPARC, Historic Tax Credit equity, grants and sponsor contribution

THE HIPPODROME

Richmond



- Restored Hippodrome Theater and the Taylor Mansion as a multi-purpose entertainment venue with offices, staging, a catering kitchen and restaurant
- Three-story building constructed on adjacent lots contain 32 apartments geared to provide affordable housing for students and the urban workforce
- Financed through VHDA SPARC and taxable bonds, local government grants, Historic Tax Credit equity, grants and sponsor contribution

**EDUCATION
HEALTH CARE
ARTS AND CULTURE
PUBLIC FACILITIES**



POTOMAC YARD

Alexandria



- Formally the largest Metro Washington rail center
- Redeveloped by Alexandria Housing Development Corporation
- 64-unit Mixed-Use Mixed-Income facility including affordable workforce housing, commercial space, structured parking and a four-bay fire station
- Redeveloped through the utilization of VHDA taxable bonds, SPARC and REACH funds, Low Income Tax Credit equity, and City of Alexandria

TOWN HALL

Narrows



- Renovation of two historic buildings downtown
- First floor commercial office space to be occupied by the Town of Narrows
- 8 two bedroom affordable rental units on the second and third floors
- Redeveloped through the utilization of Virginia Community Capital construction financing and VHDA permanent financing under REACH Mixed-Use/Mixed Income Program, DHCD HOME funds and Historic Tax Credit equity

SUMMARY

A healthy vibrant downtown should allow for a variety of uses bringing residents closer to where they want to live, work and play.





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Celebrating



Helping Virginians Attain
Quality, Affordable Housing

